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Investor Relations and Crisis Management

By

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Presented at the High-Level Seminar

Investor Relations: A Tool for Crisis Prevention

At the IMF Headquarters, Meeting Hall A and B, Washington, D.C.

November 5 – 6, 2001

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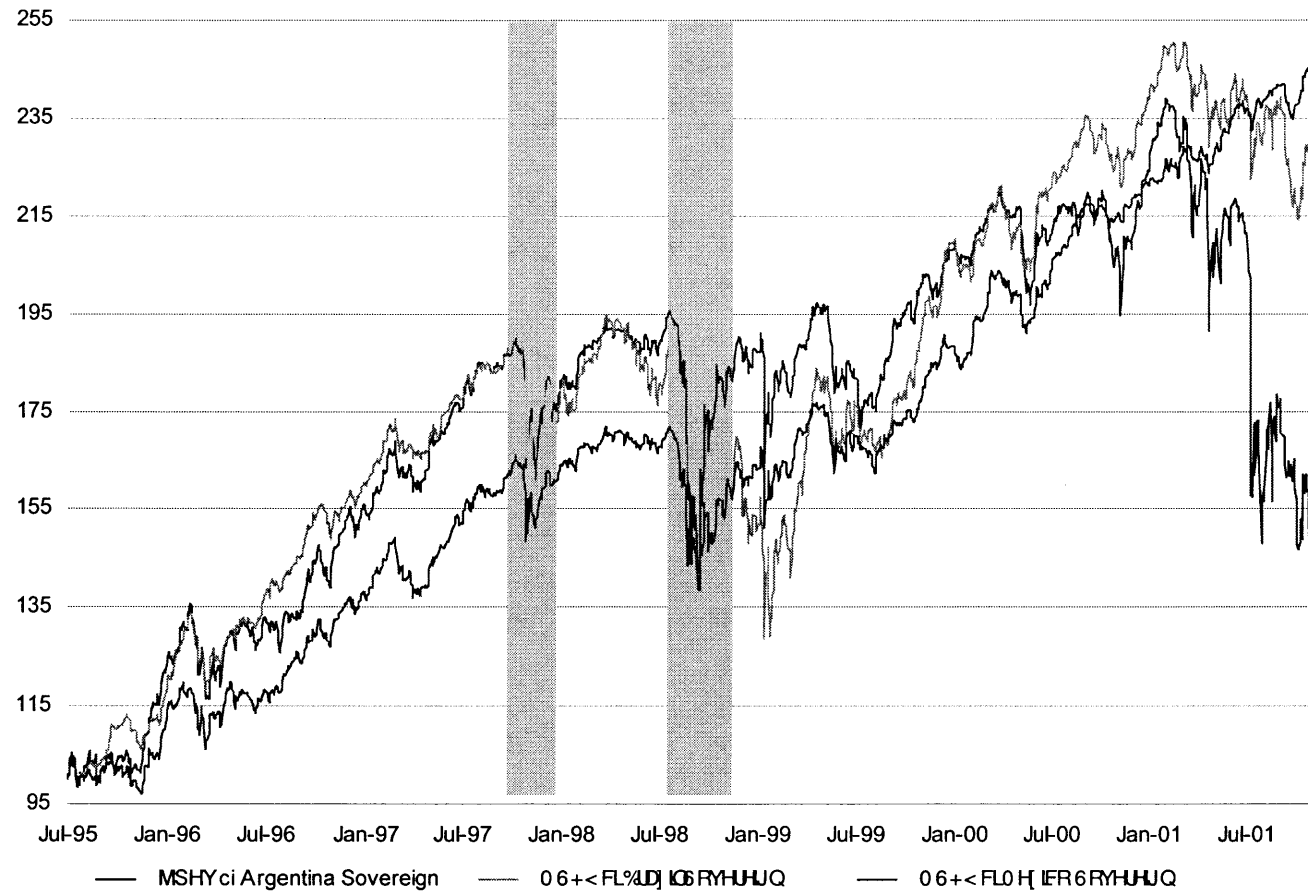
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Emerging Markets Suffers for a PR Problem

Emerging Markets Index Performance

Total Return Index Level



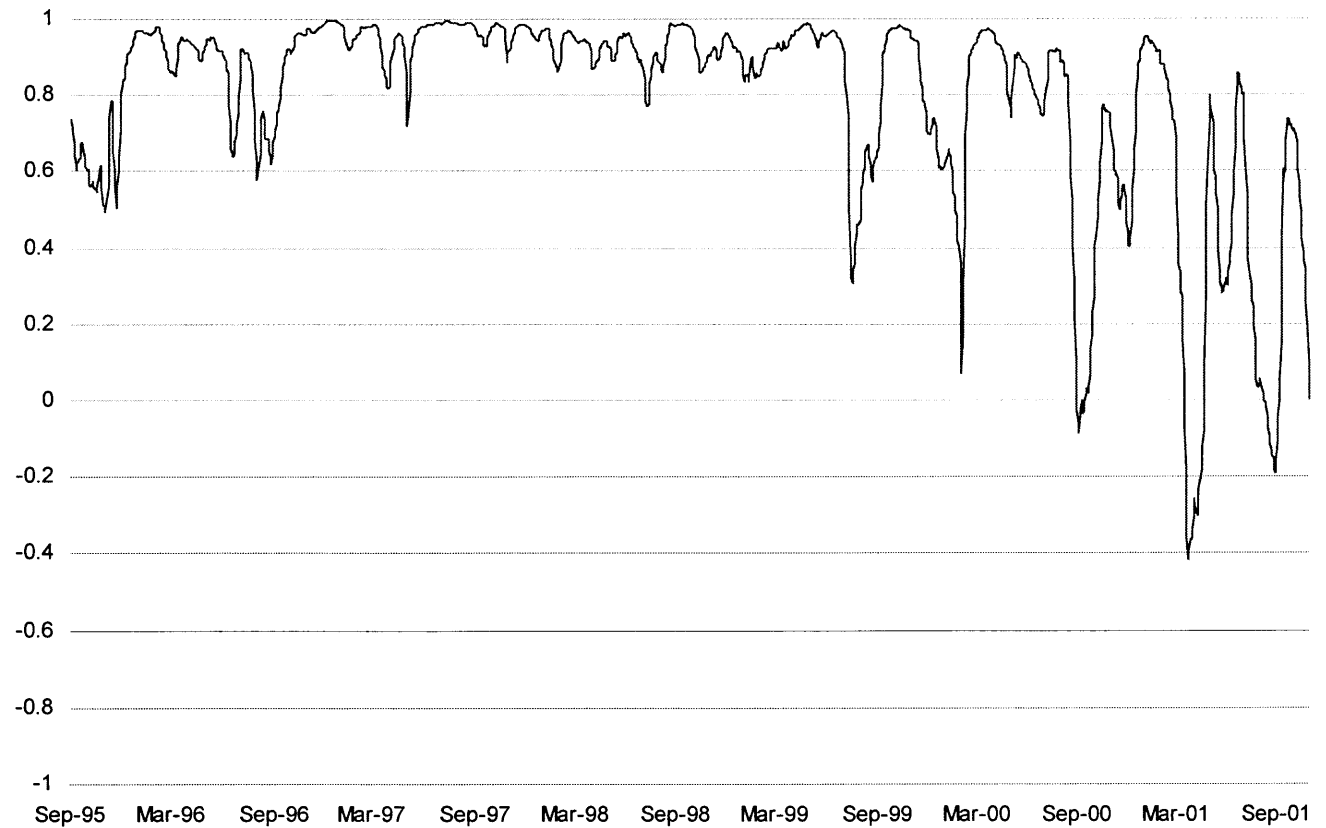
Source Morgan Stanley

Volatility has Been High

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
MBS 11.51%	NASDAQ 41.56%	HY Corporate 14.81%	World Equity ex. US 33.26%	EAFE 6.25%	NASDAQ 39.32%	HY Sovereign 23.35%	S&P 23.44%	NASDAQ 35.40%	NASDAQ 62.39%	UST 10yr 17.37%
HG Corporate 8.41%	HY Corporate 41.18%	UST 10yr 11.11%	HY Corporate 16.01%	UST 1yr 1.46%	S&P 30.93%	NASDAQ 21.82%	NASDAQ 13.81%	S&P 25.40%	World Equity ex. US 29.99%	HY Sovereign 12.76%
UST 10yr 10.68%	S&P 21.27%	HG Corporate 10.06%	UST 10yr 9.91%	UST 10yr -8.80%	HY Sovereign 30.79%	S&P 16.46%	HY Sovereign 10.82%	EAFE 17.55%	HY Sovereign 29.63%	UST 1yr 7.21%
UST 1yr 8.71%	HG Corporate 17.03%	NASDAQ 9.15%	NASDAQ 11.56%	World Equity ex. US -2.55%	UST 10yr 22.59%	HY Corporate 9.58%	HG Corporate 10.08%	UST 10yr 12.03%	UST 10yr -8.08%	HG Corporate 5.80%
S&P 0.35%	MBS 13.98%	MBS 8.21%	HG Corporate 9.61%	MBS -2.57%	HY Corporate 20.82%	EAFE 6.31%	UST 10yr 11.94%	World Equity ex. US 8.92%	S&P 14.82%	MBS 5.25%
HY Corporate -5.43%	World Equity ex. US 8.33%	S&P 6.59%	S&P 6.31%	S&P -4.64%	HG Corporate 19.70%	MBS 4.57%	HY Corporate 9.44%	HG Corporate 7.31%	HY Corporate 6.43%	HY Corporate -3.18%
NASDAQ -10.9%	UST 1yr 7.90%	World Equity ex. US -12.01%	MBS 5.46%	HG Corporate -5.75%	EAFE 16.78%	World Equity ex. US 3.64%	MBS 8.68%	MBS 5.92%	UST 1yr 3.35%	S&P -10.14%
World Equity ex. US -22.66%	UST 10yr 17.66%	UST 1yr 4.21%	UST 1yr 2.96%	NASDAQ -6.06%	MBS 14.35%	HG Corporate 2.62%	UST 1yr 5.36%	UST 1yr 5.43%	MBS 1.13%	World Equity ex. US -12.43%
				HY Corporate -7.16%	World Equity ex. US 12.02%	UST 1yr 4.62%	World Equity ex. US 1.80%	HY Corporate -2.38%	HG Corporate -2.90%	EAFE -12.58%
				HY Sovereign -7.16%	UST 1yr 7.12%	UST 10yr -0.38%	EAFE -0.44%	HY Sovereign -10.68%	EAFE -3.75%	NASDAQ -39.29%

Mexico Decoupled From Argentina as far Back as 1999

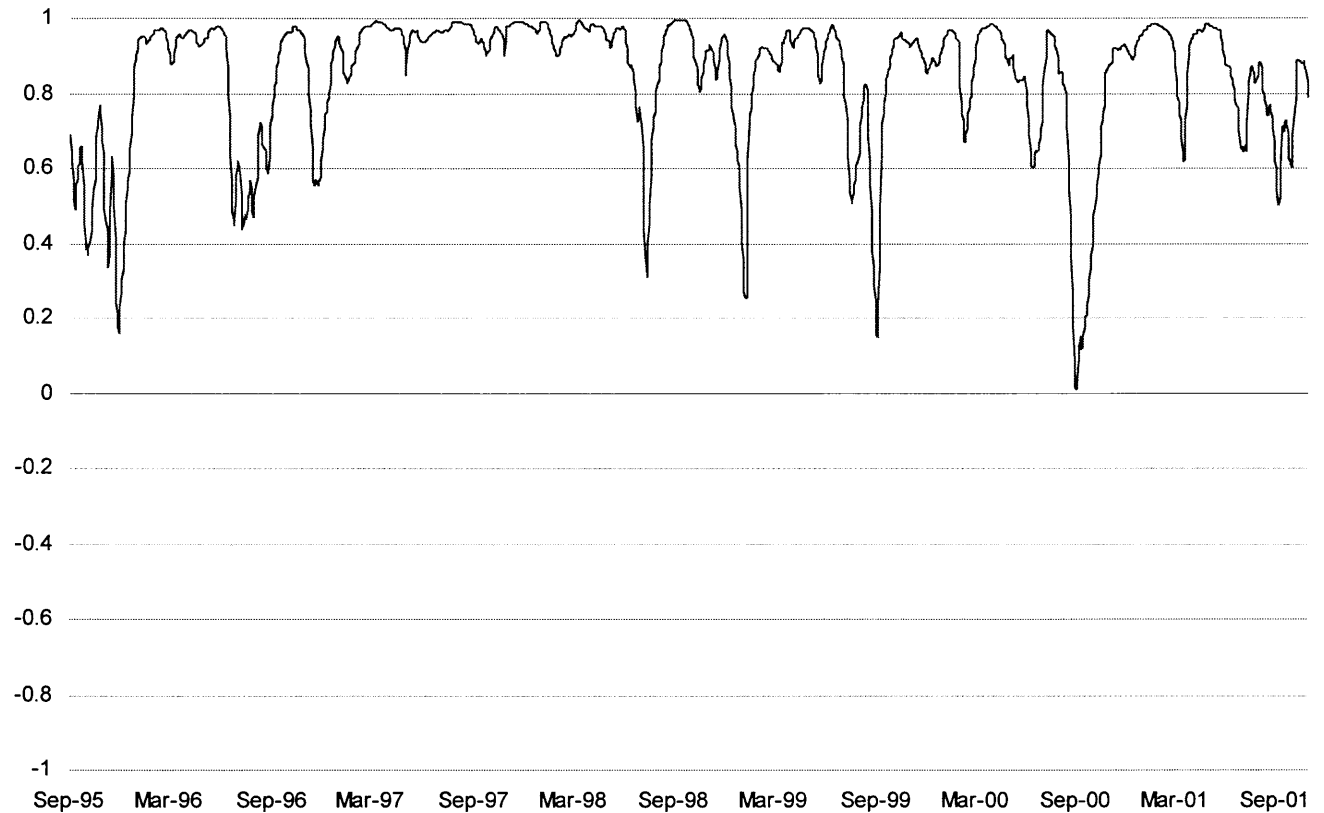
MSHYci Mexico Sovereign Index vs. MSHYci Argentina Sovereign Index
Rolling Average 20-day Correlation



Source Morgan Stanley

Brazil has Decoupled More Recently

MSHYci Argentina Sovereign Index vs. MSHYci Brazil Sovereign Index
Rolling Average 20-day Correlation

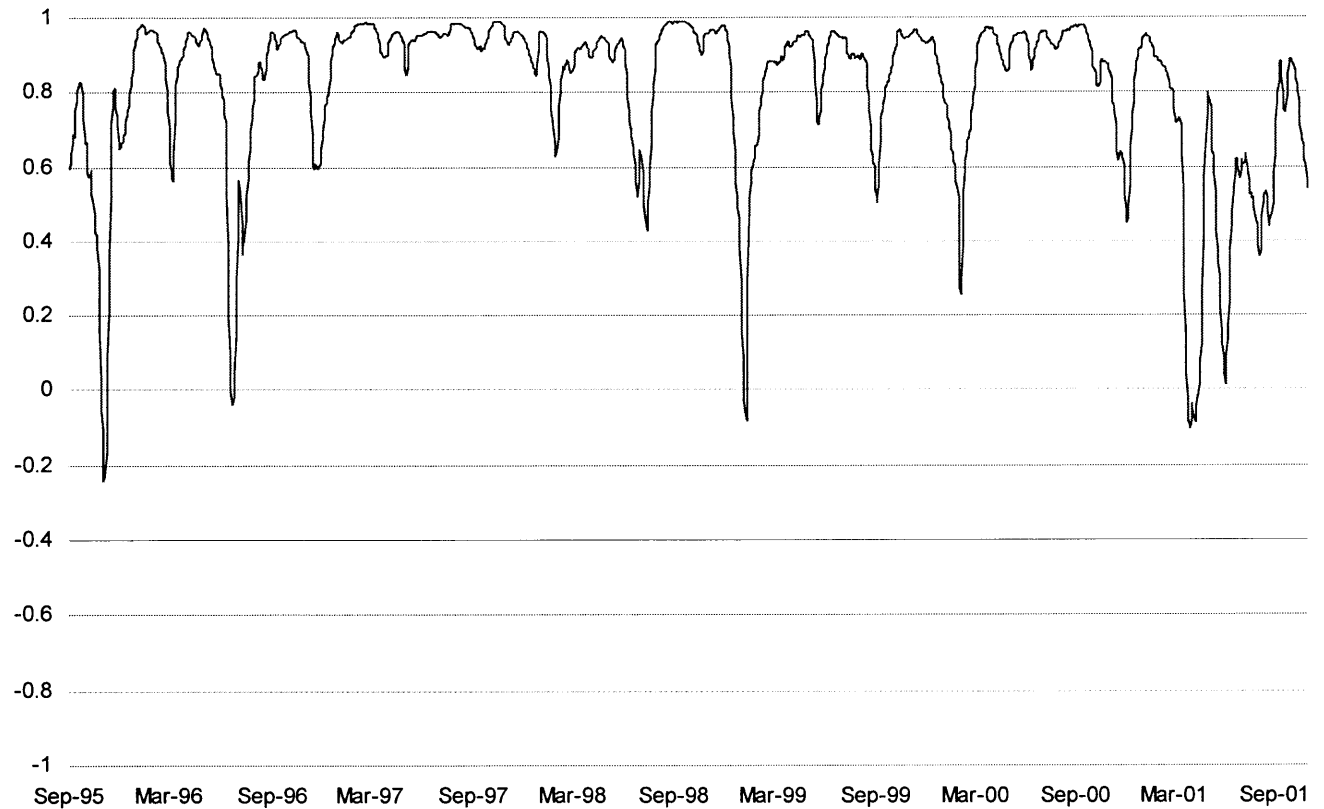


Source Morgan Stanley

Overall Market Correlations Remained Stable

MSHYci Mexico Sovereign vs. MSHYci Brazil Sovereign

Rolling Average 20-day Correlation



Source Morgan Stanley

Outflows Muted in Mexico...

MXN vs. USD Cumulative Flow
Flow (\$)

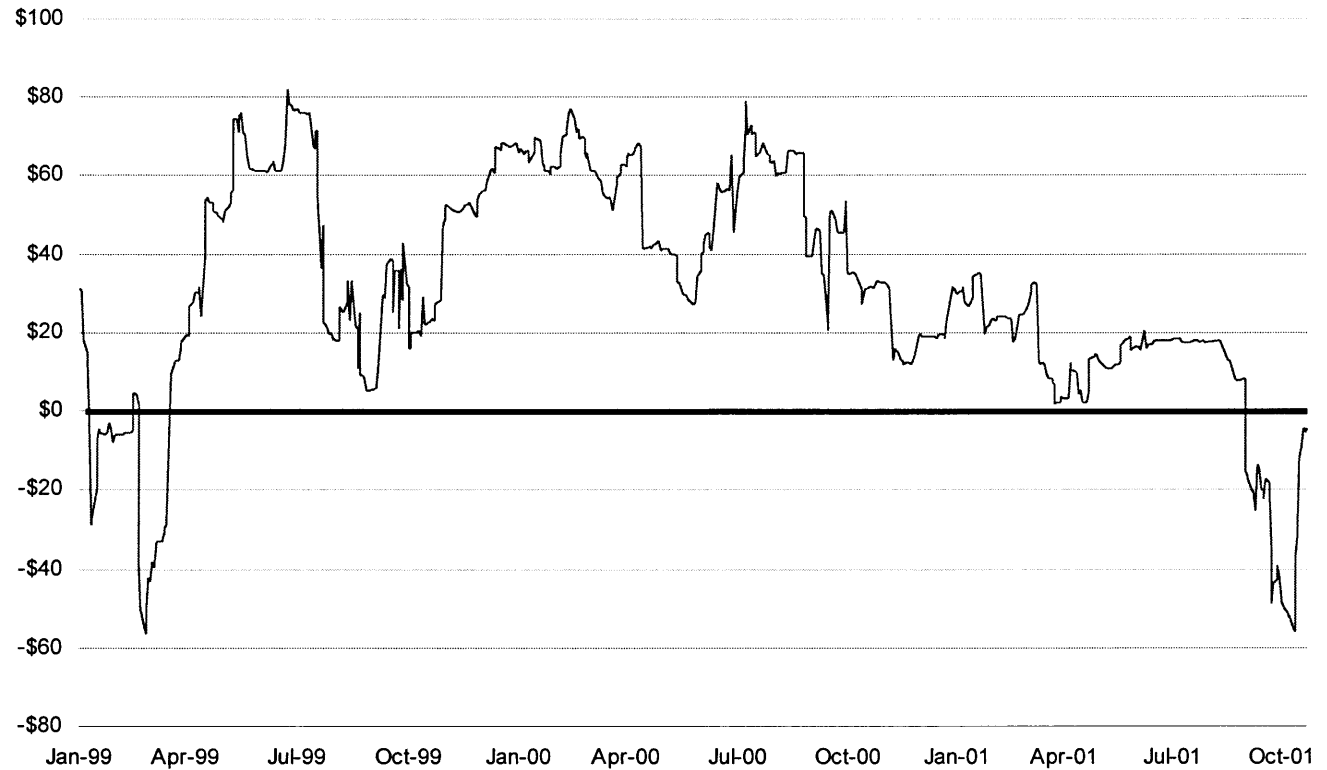


Source Morgan Stanley

Morgan Stanley Global Fixed Income Strategy Research

...And Brazil

BRL vs. USD Cumulative Flow
Flow (\$)



Source Morgan Stanley